JBF Sparebank AS

Full Rating Report

LONG-TERM RATING
A-

OUTLOOK
Stable

SHORT-TERM RATING
N2

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RATING RATIONALE

Our 'A-' long-term issuer rating on Norway-based JBF Sparebank reflects the bank's low risk appetite, strong capital position, good access to funding and high share of residential mortgage loans. The bank has a cooperation agreement with the Eika Alliance banking association, which we view as positive, as it provides product diversity, shared development costs and the opportunity to finance residential retail mortgages through jointly owned covered-bond company Eika Boligkreditt. We view JBF Sparebank's cooperation with Eika Boligkreditt as critical, as the bank transfers about half of its retail lending to the covered-bond company.

We expect JBF Sparebank will report robust earnings in the 2026–2028 period, despite pressure on net interest margins and commission income from Eika Boligkreditt due to peaking interest rates and increasing competition. We expect improved cost efficiency to support earnings and low-risk mortgage loans to trigger modest loan losses.

The rating is constrained by stiff competition and the bank's low market share. An additional constraint is JBF Sparebank's lack of scale, which curbs its ability to shoulder an increasing regulatory burden.

STABLE OUTLOOK

The outlook is stable, reflecting the bank's strong capital and loss performance due to a high share of residential real-estate collateral. It also factors in the bank's robust earnings and cost efficiency improvements in recent years. We forecast sustainable loan growth through 2028, with capital ratios expected to remain strong over the forecast period, supported by a materially positive implementation effect from CRR3 last year.

POTENTIAL POSITIVE RATING DRIVERS

- A strengthened market position and increased scale; and
- Pre-provision earnings sustainably above 2.5% and a cost-to-income ratio sustainably below 45%.

POTENTIAL NEGATIVE RATING DRIVERS

- A material deterioration in the Norwegian housing market or weakened asset quality.
- A lasting reduction in the Tier 1 capital ratio to below 18%.
- Risk-adjusted earnings metrics sustainably below 1.5% of the risk exposure amount (REA).

Figure 1. Key credit metrics, 2022–2028e

%	2022	2023	2024	2025	2026e	2027e	2028e
CET1 ratio*	17.3	19.3	19.9	23.5	23.7	23.4	23.0
Tier 1 ratio*	18.9	20.8	21.3	25.1	25.2	24.8	24.3
Net interest margin	1.5	2.0	2.1	1.9	1.8	1.7	1.7
Pre-provision income/REA*	1.2	2.0	2.4	2.6	2.4	2.2	2.2
Cost-to-income	61.9	51.2	44.7	45.0	45.7	45.2	44.6
Return on ordinary equity	5.4	8.0	9.2	9.2	7.5	7.1	7.1
Loan losses/net loans	0.01	-0.01	-0.02	0.01	0.02	0.02	0.02
Net Stage 3/net loans	0.12	0.15	0.50	0.09	0.16	0.16	0.16

Source: company and NCR. e–estimate. REA–risk exposure amount. CET1–common equity Tier 1. All metrics adjusted in line with NCR methodology.
*Consolidated capital adequacy metrics.

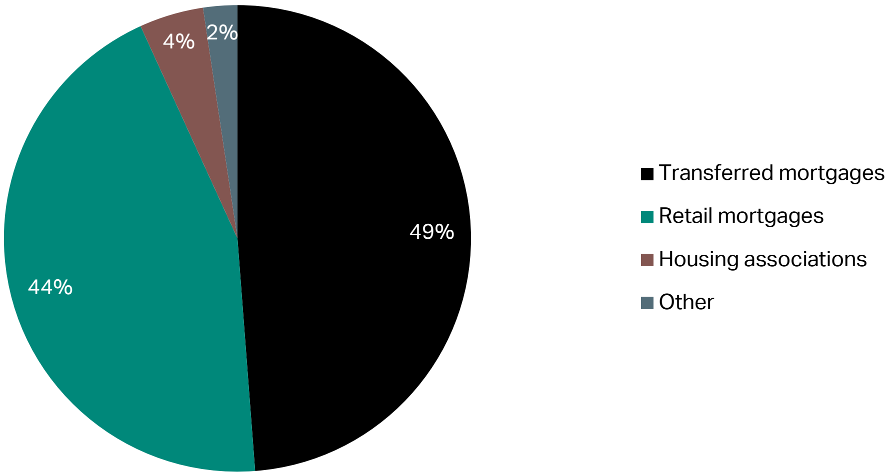
ISSUER PROFILE

JBF Sparebank is a mid-size Norwegian savings bank founded in 1885. It primarily serves railway industry employees but is accessible to all retail customers. JBF Sparebank is part of the JBF financial group, which also comprise insurer JBF Forsikring. This enhances efficiency and cross-selling opportunities, given that many of the bank's core customers are also insurance company clients. NCR's rating applies only to JBF Sparebank.

The group operates from its head office in Oslo and maintains an additional office in Trondheim. Other branches in Norwegian railway hubs were closed during 2025. As of 31 Dec. 2025, the bank had total assets of NOK 24bn, including NOK 10bn in mortgages transferred to Eika Boligkreditt. Retail mortgage lending and loans to housing cooperatives account for 98% of the loan book.

The bank is part of the Eika Alliance, comprising about 40 small and medium-sized Norwegian savings banks. The alliance enhances member banks' product diversity and improves theircost efficiency by sharing expenses. It also provides them the opportunity to finance residential mortgage loans via Eika Boligkreditt.

Figure 2. Gross loans by sector, 31 Dec. 2025



Source: company.

Competitive position

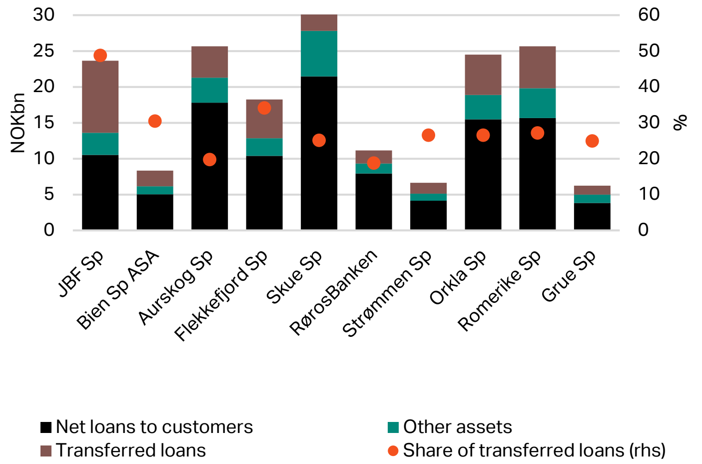
Railway employee customer base drives loyalty

JBF Sparebank is a niche bank focusing on customers with ties to the railway industry. In addition, the insurance company of the financial group, JBF Forsikring, provides insurance agreements to members of railway associations on better terms than they could obtain elsewhere. A strong overlap between banking and insurance customers characterises JBF Sparebank's core customers, and we believe plenty of potential exists for future growth within JBF group's customer base. We believe the bank's connection to the railway industry and the synergies provided by the insurance company support customer loyalty.

Despite its national presence, JBF Sparebank has a weak position outside of railway employees. Other national banks with similar geographical footprints are substantially larger, while smaller regional savings banks have stronger connections to their local communities.

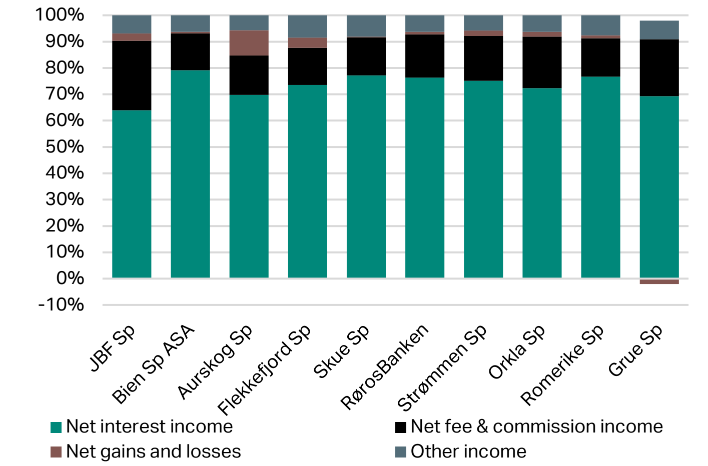
JBF Sparebank's membership in the Eika Alliance expands the bank's customer offerings beyond what it could provide itself and diversifies revenues. The alliance enables the bank to offer debit and credit products, asset management services, and real-estate agency solutions.

Figure 3. Balance sheet volume comparison, 31 Dec. 2025



Source: companies.

Figure 4. Revenue source split comparison, 2025



Source: companies.

Risk governance

Risk governance proportional to complexity

In our view, JBF Sparebank's risk governance framework, limit monitoring and risk reporting are largely in line with those of its mid-size savings bank peers. The bank's risk appetite and complexity are low, which its high proportion of low-risk residential mortgages demonstrates. The low complexity and cooperation with the Eika Alliance support our view that the bank's risk management and compliance capacity is proportional to its risk profile. The bank has well-defined guidelines to support anti-money laundering measures in its daily operations, thereby reducing the risk of related losses and fines.

The bank has issued three senior unsecured bonds under its green bond framework since 2024, supported by a high proportion of eligible mortgage loans on its balance sheet. JBF Sparebank's partnership with the Eika Alliance also provides resources for future sustainability initiatives, including access to Eika Boligkreditt's green bond framework.

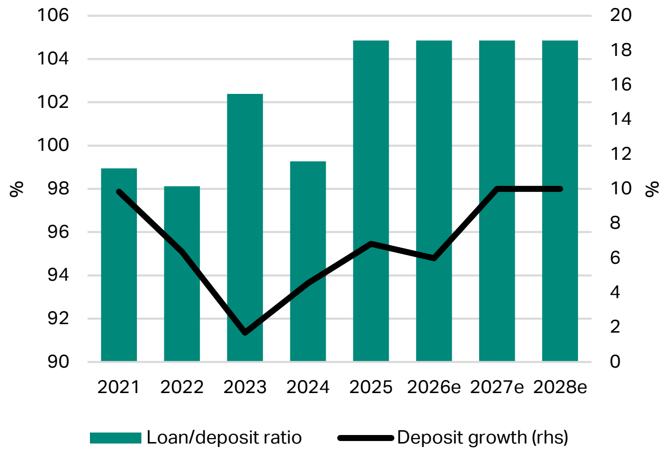
Funding and liquidity

Diversified funding and a high transfer rate to Eika Boligkreditt

JBF Sparebank's funding is diverse, with a relatively strong and stable retail deposit base. We expect deposit growth to follow lending growth over the next few years, supported by modest increases in capital market financing. We also expect JBF Sparebank to maintain strong regulatory liquidity ratios given its flat debt maturity profile.

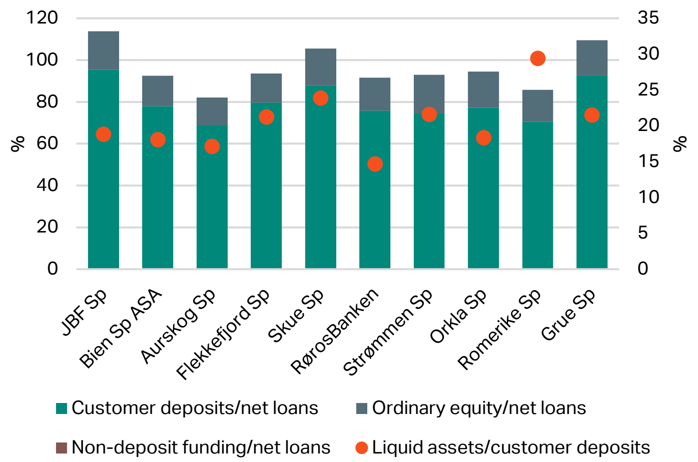
An important source of funding for JBF Sparebank is its cooperation with covered-bond company Eika Boligkreditt, which provides access to more affordable funding with longer terms to maturity than the bank could obtain by itself. The bank has transferred 49% of total lending volumes due its high share of low-risk mortgages and is represents the highest transfer ratio among all mid-size Norwegian savings banks. Despite this, the bank maintains a significant buffer of retail mortgage loans that can be transferred to the covered bond company as a liquidity reserve, if necessary.

Figure 5. Deposit metrics, 2020-2028e



Source: company and NCR. e–estimate.

Figure 6. Norwegian savings banks' funding profiles, 31 Dec. 2025



Source: companies.

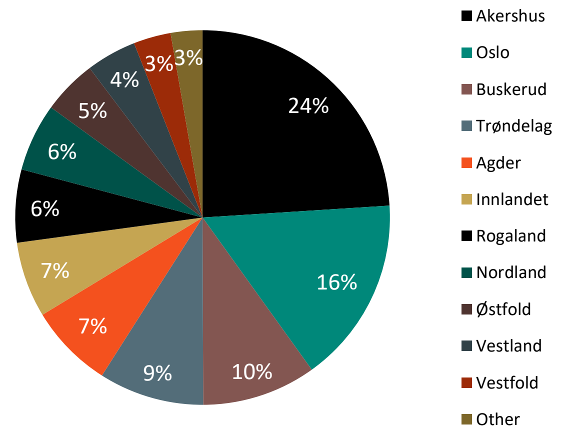
CREDIT RISK PROFILE

Operating environment

We consider a balance of national and regional factors in our assessment of the operating environment. Norwegian banks' net interest margins increased in 2022–2025 due to higher policy rates. While rates were cut somewhat in 2025, the still-elevated level is constraining credit growth, particularly in rate-sensitive segments. Market expectations and central bank guidance point to a higher likelihood of rate increases than further cuts in 2026, but strong competition and high deposit pass-through are expected to limit further margin upside. The Norwegian economy continues to benefit from high oil prices, but sentiment is dampened by heightened geopolitical uncertainty. While we consider the Norwegian economy to be strong, and the banking sector as resilient, there are risks concerning higher inflationary pressure, and continued pressure on property managers and developers.

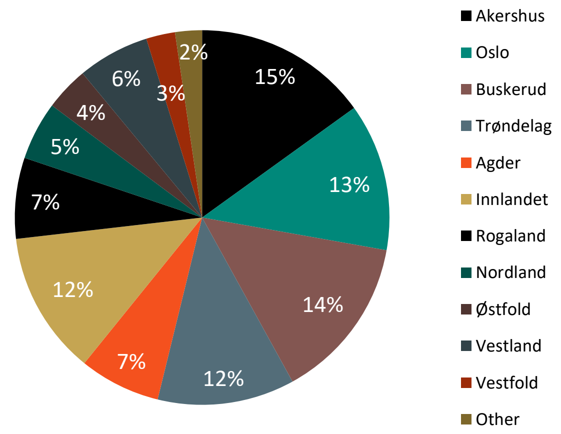
JBF Sparebank's lending is mortgage-oriented and geographically diverse, with exposure to most of Norway's counties, unlike other domestic savings banks of similar size. Because of the bank's strong connections with the railway industry, lending tends to have some concentration in areas with good railway networks. More than half of JBF Sparebank's retail lending, including transferred loans, is in the Oslo region and Trøndelag county, in central Norway.

Figure 7. Gross loans by county, 31 Dec. 2025



Source: company.

Figure 8. Deposits by county, 31 Dec. 2025

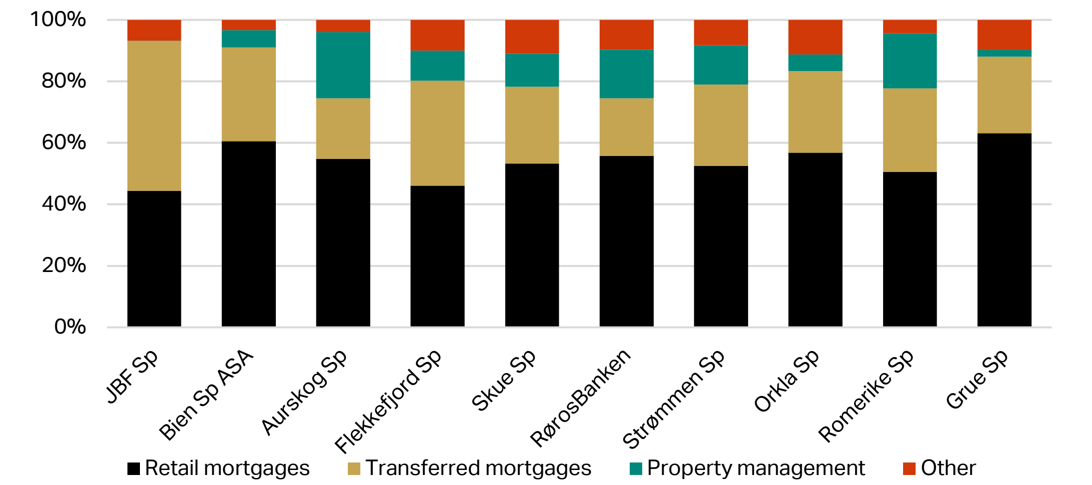


Source: company.

Most of JBF Sparebank's lending is related to residential real estate across Norway. Approximately 93% of lending (including transferred loans) consists of residential mortgages, and low loan-to-value ratios help mitigate the risk of a significant decline in housing prices. The bank has limited geographical concentration in its mortgage portfolio, though its connection to the rail system introduces some concentration risk related to railway personnel. However, this risk is considered minimal given the government's emphasis on expanding train traffic to reduce Norway's environmental impact. While a large portion of residential mortgages are transferred to Eika Boligkreditt and generate commission income, the bank retains the associated risk and is expected to take back any non-performing loans to maintain a clean cover pool.

Corporate lending primarily consists of syndicated loans to housing cooperatives through Boligbanken ASA, with which the bank has a cooperation agreement. We consider these loans to be well-collateralised, with low loan-to-value ratios and a risk profile similar to residential mortgage loans. The bank also has a small number of syndicated real estate development loans in cooperation with Nordic Corporate Bank. These loans carry significantly higher credit risk but represent only a small portion of the bank's lending. They are mainly associated with residential development projects in the Oslo region and are mostly first-priority positions below 60% loan-to-value. As a result, nearly all of JBF Sparebank's lending is secured by real estate. Our forecast assumes loan growth on- and off-balance-sheet of 6% in 2026, rising to 10% annually for 2027–2028.

Figure 9. Norwegian savings banks' gross loan book sector split, 31 Dec. 2025



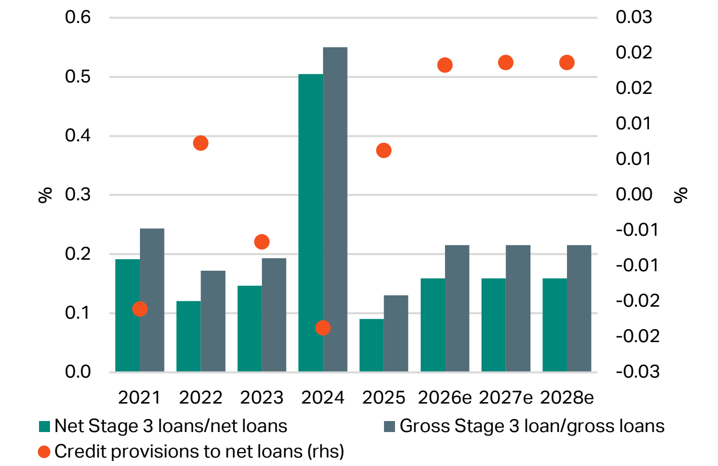
Source: companies.

Loss performance

Over the past seven years, JBF Sparebank recorded net loan losses only in 2022 and 2025 (both less than NOK 1m), with loan loss reversals in other years. We expect loan losses to remain low, supported by the bank's high proportion of residential real estate collateral and low loan-to-value ratios.

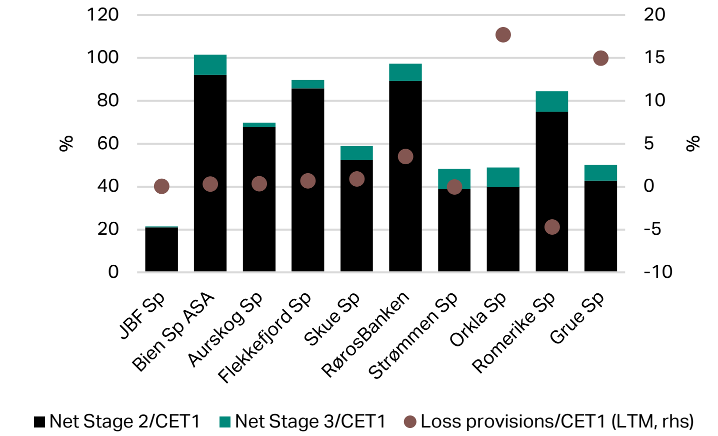
We note that the bank had no non-performing loans among corporate customers at end-2025, while its share of net Stage 3 loans to residential customers declined over the past year. We project JBF Sparebank's share of non-performing loans to remain low in our forecast period.

Figure 10. Asset quality metrics, 2021–2028e



Source: company and NCR. e–estimate.

Figure 11. Asset quality in relation to capitalisation, 31 Dec. 2025



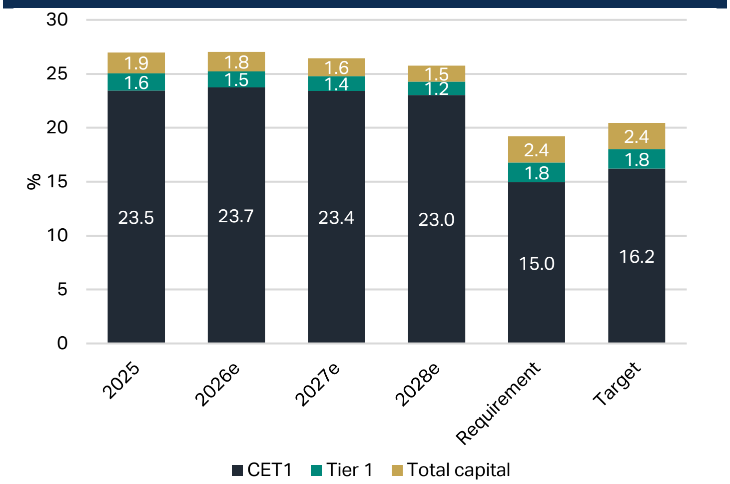
Source: companies. CET1-Common Equity Tier 1. LTM-last twelve months.

CAPITAL GENERATION

Capital

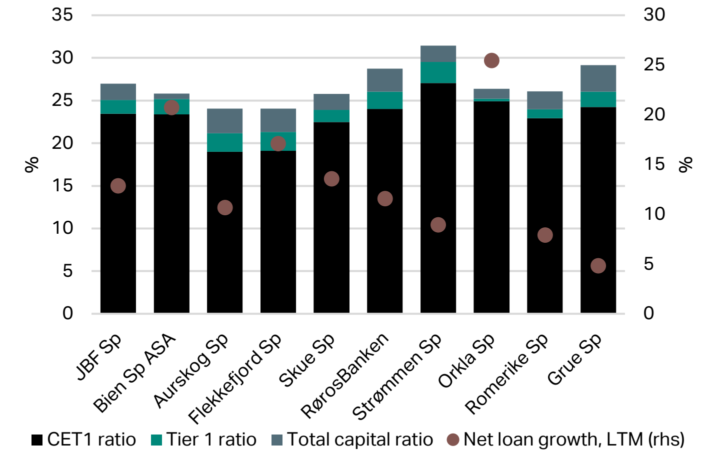
Our capital assessment considers JBF Sparebank's consolidated capital position, including its proportionate holdings in Eika Gruppen and Eika Boligkreditt. The bank received one of the greatest positive implementation effects from CRR3 among Norwegian banks, and we expect its Tier 1 ratio to remain above 24% through 2028, despite our projected increase in annual lending growth to 10% in 2027–2028.

Figure 12. Forecast capital ratios vs. requirements, 2024–2028e



Source: company and NCR. e–estimate. Pillar 2 requirement (P2R) of 1.7%.

Figure 13. Norwegian savings banks' capital ratios and loan growth, 31 Dec. 2025



Source: companies.

Earnings

JBF Sparebank maintained strong earnings in 2025, although its net interest margin declined by 17bps. The majority of lending is to interest rate-sensitive retail mortgages, and we expect intensified competition and limited credit growth to pressure margins over the forecast period. However, the likely interest rate hike in 2026 could support short-term margin development.

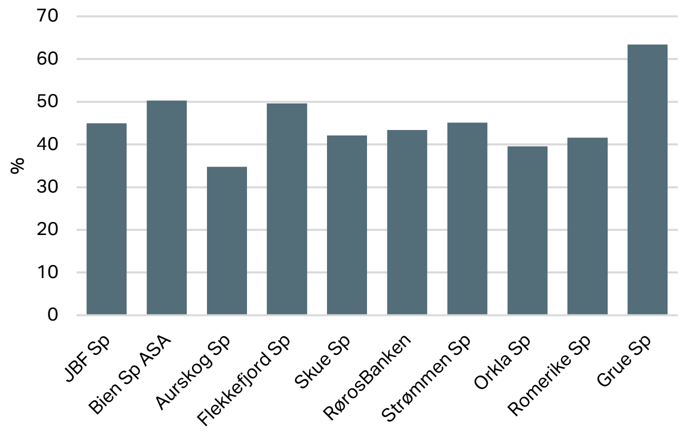
JBF Sparebank's cost efficiency benefits from its shared location and cooperation with JBF Forsikring. The closure of multiple branches in 2025 resulted in extraordinary costs of NOK 10m, but we expect somewhat lower staffing and rental costs going forward. We also anticipate reduced IT-related expenses following the conversion to a new core banking system. We project the bank's cost efficiency to remain strong at around 45% through 2028.

Figure 14. Capital projection assumptions, 2026e-2028e

%	2026e	2027e	2028e
Loan growth	6	10	10
Return on equity	7.5	7.1	7.1
Dividend payouts and gifts/net profit	32	30	30

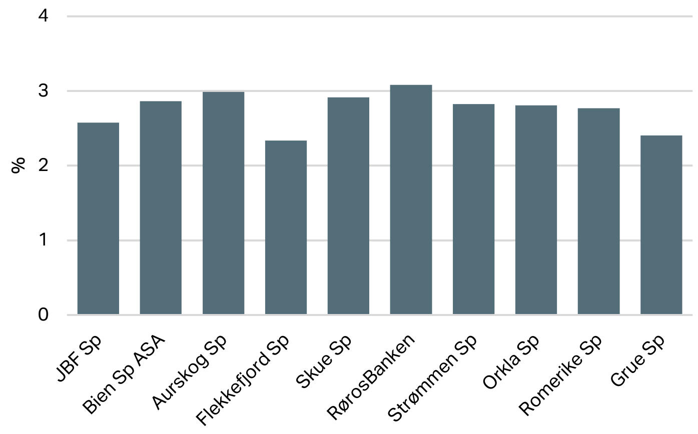
Source: NCR. e–estimate. All metrics adjusted in line with NCR methodology.

Figure 15. Norwegian savings banks' cost efficiency metrics, LTM to 31 Dec. 2025



Source: companies. LTM-last twelve months. Core representes net interest income and net fee & commission income.

Figure 16. Norwegian savings banks' PPI to REA, LTM to 31 Dec. 2025



Source: companies.

SUPPORT ANALYSIS

We assess the company's ownership as neutral according to our group and government methodology.

In 2025, bank was converted into a limited liability company and directly owned by a holding company (JBF Bank og Forsikring Holding AS). The holding company is controlled by a savings bank foundation and an insurance foundation, each owned by JBF's customers. The new structure facilitates capital transfers between the insurance company and the bank.

ISSUE AND SHORT-TERM RATINGS

Figure 17. Issue and short-term ratings

	Rating
Senior unsecured	A-
Tier 2	BBB+
Additional Tier 1	BBB-
Short-term rating	N2; adequate due to LCR above 150% over the last four quarters.

Short-term and issue ratings are mapped to the long-term issuer rating, in accordance with our Financial Institutions Rating Methodology. In cases where two alternatives for short-term ratings are possible, the short-term rating is assigned based on liquidity being strong, adequate, or weak, as applicable. See definitions in the methodology.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE FACTORS

We consider ESG factors throughout our analysis, when they are material to our credit assessment.

Figure 18. Priority ESG factors

Issue/area	Risk/opportunity	Impacted subsections (impact on credit assessment*)
Physical climate risk to collateral	Climate-related damage to real-estate collateral. Longer-term effects on market values in flood risk areas.	Credit risk (-) Loss performance (0)
Social engagement in the community	Close connection to narrow niche provides a benefit.	Competitive position (+) Earnings (0) Funding & liquidity (0)
Green bond framework	Diversity of funding sources, access to additional markets/investors.	Funding & liquidity (+)
Anti-money laundering capacity	Risk of sanctions and fraud due to insufficient reviews of customers.	Risk governance (0)
Control of sustainability issues	Risk of overlooking sustainability impacts in the bank's underwriting, operations, and customer base.	Risk governance (0) Credit risk (0)

*Defined on a 5-step scale ranging from double minus (--) to double plus (++), with (--) representing the most negative impact and (++) the most positive.

METHODOLOGIES USED

(i) Financial Institutions Rating Methodology, 12 May 2025.
(ii) Rating Principles, 14 Feb. 2024.
(iii) Group and Government Support Rating Methodology, 14 Feb. 2024.

RELEVANT RESEARCH

(i) Nordic corporates well prepared for improving demand in 2026, 14 Jan. 2026.
(ii) Nordic niche banks focus on optimisation and scalability in 2026, 13 Jan. 2026.
(iii) Swedish savings banks face little drama in 2026, 12 Jan. 2026.
(iv) Capital strength sets Norwegian savings banks up for 2026 growth, 9 Jan. 2026.

Figure 19. JBF Sparebank key financial data, 2022–2025

Key credit metrics (%)	FY 2022	FY 2023	FY 2024	FY 2025
INCOME COMPOSITION				
Net interest income to op. revenue	68.1	68.9	68.5	64.0
Net fee income to op. revenue	23.7	24.1	28.5	26.3
Net gains and losses/operating revenue	-3.1	1.6	-0.5	2.9
Net other income to op. revenue	11.3	5.5	3.5	6.8
EARNINGS				
Net interest income to financial assets	1.5	2.0	2.1	1.9
Net interest income to net loans	2.1	2.6	2.8	2.5
Pre-provision income to REA	1.2	2.5	3.9	3.8
Core pre-provision income to REA (NII & NF&C)	1.0	2.2	3.7	3.2
Return on ordinary equity	5.4	8.0	9.2	9.2
Return on assets	0.7	1.1	1.3	1.3
Cost-to-income ratio	61.9	51.2	44.7	45.0
Core cost-to-income ratio (NII & NF&C)	67.4	55.0	46.0	49.8
CAPITAL				
CET1 ratio	17.3	20.9	30.0	34.5
Tier 1 ratio	18.9	22.5	31.3	35.9
Capital ratio	20.6	24.1	32.6	37.3
REA to assets	72.2	39.6	46.5	40.6
Dividend payout ratio	8.3	13.9	13.9	14.9
Leverage ratio	7.1	8.9	12.9	13.1
Consolidated CET1 ratio	17.3	19.3	19.9	23.5
Consolidated Tier 1 ratio	18.9	20.8	21.3	25.1
Consolidated Capital ratio	20.6	22.6	23.0	27.0
Consolidated Leverage ratio	7.1	7.6	8.0	7.9
GROWTH				
Asset growth	4.0	1.4	4.7	9.2
Loan growth	5.5	6.1	1.4	12.8
Deposit growth	6.4	1.7	4.6	6.8
LOSS PERFORMANCE				
Credit provisions to net loans	0.01	-0.01	-0.02	0.01
Stage 3 coverage ratio	29.76	24.22	8.34	30.80
Stage 3 loans to gross loans	0.17	0.19	0.55	0.13
Net stage 3 loans to net loans	0.12	0.15	0.50	0.09
Net stage 3 loans/ordinary equity	0.64	0.80	2.63	0.49
FUNDING & LIQUIDITY				
Loan to deposit ratio	98.1	102.4	99.3	104.9
Liquid assets to deposit ratio	22.7	18.0	21.7	18.8
Net stable funding ratio	135.0	152.0	155.0	146.0
Liquidity coverage ratio	209.0	252.0	269.0	234.0

Key financials (NOKm)	FY 2022	FY 2023	FY 2024	FY 2025
BALANCE SHEET				
Total assets	11,712	11,880	12,443	13,592
Total tangible assets	11,712	11,880	12,443	13,592
Total financial assets	11,700	11,834	12,403	13,555
Net loans and advances to customers	8,677	9,207	9,334	10,533
Liquid assets	2,011	1,619	2,043	1,888
Customer deposits	8,843	8,993	9,403	10,045
Issued securities	1,142	992	1,041	1,240
of which other senior debt	1,066	917	966	1,164
of which subordinated debt	75	75	75	75
Total equity	1,706	1,760	1,867	2,018
of which ordinary equity	1,631	1,685	1,792	1,943
CAPITAL				
Common equity tier 1	1,463	985	1,736	1,906
Tier 1	1,599	1,060	1,811	1,981
Total capital	1,746	1,135	1,886	2,056
REA	8,461	4,704	5,791	5,518
INCOME STATEMENT				
Operating revenues	259	342	373	395
Pre-provision operating profit	99	167	206	217
Impairments	1	-1	-2	1
Net Income	78	132	160	172

Source: company. FY–full year. YTD–year to date.

Figure 20. JBF Sparebank rating scorecard

Subfactors	Impact	Score
National banking environment	15.0%	a
Sector exposure assessment	-	-
Regional assessment	5.0%	a-
Cross border assessment	-	-
Operating environment	20.0%	a
Risk governance	7.5%	a-
Capital	17.5%	aa-
Funding and liquidity	15.0%	a
Credit and market risk	10.0%	a-
Risk appetite	50.0%	a
Competitive position	15.0%	bb
Earnings	7.5%	a
Loss performance	7.5%	a+
Performance indicators	15.0%	a
Indicative credit assessment		**a-**
Peer comparison		Neutral
Transitions		Neutral
Borderline assessments		Neutral
Stand-alone credit assessment		**a-**
Ownership		Neutral
Capital structure protection		Neutral
Rating caps		Neutral
Issuer rating		**A-**
Outlook		Stable
Short-term rating		**N2**

Figure 21. Capital structure ratings

Seniority	Rating
Senior unsecured	A-
Tier 2	BBB+
Additional Tier 1	BBB-

DISCLAIMER

NORDIC CREDIT RATING AS

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